

# TTC AUDIT COMMITTEE REPORT NO.

**MEETING DATE:** April 19, 2011

**SUBJECT:** INTERNAL AUDIT REPORT – MATERIALS AND  
PROCUREMENT – CENTRAL AND DISTRIBUTED INVENTORY  
CONTROL

## **INFORMATION ITEM**

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### **RECOMMENDATION**

It is recommended that the Audit Committee receive for information the attached Internal Audit Report and Management's responses.

### **BACKGROUND**

Internal Audit provides the Commission with independent evaluations of the efficiency and effectiveness of control systems, and operations. Internal Audit is also required to provide recommendations for improvement.

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Richard G. Beecroft  
Chief Auditor

April 19, 2011  
01-23

Attachment – Internal Audit Report

## TORONTO TRANSIT COMMISSION

**TO** R. Beecroft  
**FROM** E. Csaszar  
**DATE** December 2, 2010  
**SUBJECT** Central and Distributed Inventory Control

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The Survey for Central and Distributed Inventory Control is now completed. The results of the risk assessment indicated that the area is well managed, and there are no significant control weaknesses to report. We have concluded our audit work at the end of the Survey Report phase.

Audit has identified the following opportunities where improvements can be made:

### **Material Safety Data Sheets (MSDS)**

Legislation dictates that MSDS are to be updated every three years. Audit found that 27% of its sample of MSDS at Distributed Inventory Control locations had expired. The Safety Department maintains the database for MSDS and agrees that there is a Commission wide problem.

Management should provide for the safety of its employees by ensuring that the most recent MSDS are on file and not use products with expired MSDS.

### **Training and Development**

Audit's review of training and development found that seven employees of Distributed Inventory Control had expired forklift certifications.

Management should ensure all certifications are up to date and not allow employees with expired certificates to operate forklifts.

We would like to thank the management and staff of Central and Distributed Inventory Control for their assistance and cooperation provided during our audit review.

Audit Manager  
Internal Audit  
01.25  
File No. 10-50065